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## Poland

### Oilseeds and Products

#### Annual

#### 2002

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#### **Report Highlights:**

**Soybean meal imports reached record levels in 2001 rising over 40 percent compared to 2000. They are expected to remain high in 2002 and 2003 as Poland maintains restrictions on meat and bone meal imports due to BSE concerns. While Poland's soybean meal imports virtually all originate in the EU, roughly 42 percent or 475,000 MT of these imports may originate from U.S. soybeans processed in the EU.**

**Rapeseed exports are expected to decline by 75 percent in 2002 because of a forecast 15 percent MY 2002/03 crop reduction due to bad weather. Soybean oil imports increased in 2001 because of reduced rapeseed crushing and low world market prices with U.S. soybean oil imports reaching a small but record 7,000 tons.**

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
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## **Executive Summary**

The reduced winter rapeseed area combined with the forecast reduced yields will result in a 15 percent crop reduction in MY 2002/03. Oilseed crushing, almost exclusively domestically grown rapeseed, will remain on a rather low level, around 800,000 tons. Financial problems of one of the companies shut down 300,000 tons of crushing capacity, at least temporarily. Oilseed imports will be limited in MY 2002/03 although domestic supplies will be sufficient to fulfill reduced domestic crushing demand. Lower rapeseed production will result in a 75 percent estimated export reduction. To support domestic rapeseed prices, the Government of Poland (GOP) in CY 2000, for the first time, introduced rapeseed export subsidies. Poland subsidized exports of only 27,000 tons of rapeseed in CY 2000 and 6,000 tons in 2001, much lower than the 341,500 tons per year allowable under its WTO commitments.

Rising poultry production and recovery in the swine sector stimulated demand for compound feeds and protein meals in CY 2001. Soybean meal imports are expected to reach 1.1 MMT in 2002, down slightly from record MY 2001 imports, because poultry sector growth will slow slightly although increasing swine numbers and continuing restrictions on meat and bone meal will sustain strong demand. Soybean meal imports rose over 40 percent in 2001 primarily due to use of soymeal as a substitute for imported meat and bone meal which was restricted entry due to BSE concerns. The value of U.S. soybean exports to the EU needed to make the amount of Poland's EU origin soybean meal imports is estimated by FAS Warsaw at approximately \$118 million.

A small increase is expected in consumption of vegetable oils in Poland, which currently is 18 kg per capita, close to average EU consumption levels. Reduced domestic rapeseed oil production combined with low soybean oil world prices allowed for significantly increased soy oil imports and use.

**Total Oilseeds****Soybeans PS&D Table**

PSD Table						
Country	Poland					
Commodity	Oilseed, Soybean			(1000 HA)(1000 MT)		
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	5	14	10	13	0	15
MY Imp. from U.S.	0	1	0	0	0	0
MY Imp. from the EC	3	0	0	0	0	0
TOTAL SUPPLY	5	14	10	13	0	15
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	0	0	0	0	0	0
Food Use Dom. Consump.	4	11	9	11	0	12
Feed,Seed,Waste Dm.Cn.	1	3	1	2	0	3
TOTAL Dom. Consumption	5	14	10	13	0	15
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	5	14	10	13	0	15
Calendar Year Imports	6	14	8	13	0	15
Calendar Yr Imp. U.S.	0	1	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

**Rapeseed PS&D Table**

PSD Table						
Country	Poland					
Commodity	Oilseed, Rapeseed				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		07/2000		07/2001		07/2002
Area Planted	445	445	460	447	0	450
Area Harvested	437	437	445	443	0	400
Beginning Stocks	4	4	23	44	23	9
Production	959	958	1100	1100	0	940
MY Imports	10	5	30	10	0	50
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	5	30	10	0	30
TOTAL SUPPLY	973	967	1153	1154	23	999
MY Exports	30	34	200	290	0	100
MY Exp. to the EC	30	34	30	100	0	50
Crush Dom. Consumption	842	820	850	770	0	800
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	78	69	80	85	0	80
TOTAL Dom. Consumption	920	889	930	855	0	880
Ending Stocks	23	44	23	9	0	19
TOTAL DISTRIBUTION	973	967	1153	1154	0	999
Calendar Year Imports	30	1	30	50	0	50
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	100	291	100	100	0	150
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

## Production

Total oilseed production (almost exclusively rapeseed) is forecast to decline approximately 15 percent in 2002 due to smaller acreage and reduced yields. Such reduced production, however, will suffice to meet MY 2002 domestic crushing capacities.

Poor autumn weather and severe early winter conditions significantly reduced winter rapeseed planted area. Despite higher than usual anticipated spring rapeseed plantings, the overall harvested area is expected to decline by about 10 percent. Despite attractive prices for farmers, less winter rapeseed was planted last autumn because of poor weather conditions during the sowing period. Poor weather delayed the harvest of major crops and heavy rains slowed rapeseed sowing. As officially reported, only 380,000 hectares of winter rapeseed were planted last fall which was almost 9 percent less than the year before. In addition, severe winter conditions, particularly in late November and during December could cause significantly more winter losses than the year before. We estimate these losses at slightly over 10 percent of the planted area. Nevertheless, it is possible that part of the winter rapeseed reduced planted area and winter losses will be offset by larger spring plantings. Spring sowing is estimated to be around 70,000 hectares, more than double compared with a year ago. Taking all of the above factors into consideration, we estimate the harvested area will decline almost 10 percent.

Late winter rapeseed sowing, large winter losses and a larger share of less productive spring rapeseed should result in somewhat reduced 2002 rapeseed yields.

Average Producer Prices for Rapeseed and Wheat, zlotys per metric ton.

	Jan.-Dec.1997	Jan.-Dec.1998	Jan.- Dec.1999	Jan-Dec.2000	July- Sep.2001
Rapeseed	865.4	895.7	642.8	806.3	830.0
Wheat	508.5	468.3	429.8	508.2	497.6
Rapeseed/Wheat Ratio	1.70	1.91	1.50	1.59	1.67

Note: The 1999, 2000 and 2001 wheat prices do not include direct GOP wheat price support payments. If included, this would make the price relationship less favorable for rapeseed. The approximate exchange rate for July - September 2001 was USD1 = zlotys 4.1

Although rapeseed prices increased further in 2001, up three percent from 2000 and 29 percent compared to 1999, these prices did not encourage farmers to switch production from wheat to rapeseed due to unfavorable weather conditions which did not allow for timely sowing.

In 2001, the rapeseed crop increased almost 15 percent. Favorable weather during the growing season and an increased portion of winter rapeseed resulted in significantly increased rapeseed yields, 2.48 ton/hectare in 2001 versus 2.19 in 2000.

## Consumption

Total oilseed crushing declined 6 percent in 2001 due to elimination of rapeseed crushing in two plants. Current annual rapeseed crushing is approximately 800,000 tons, although crushing capacities are well over one million tons. A significant portion of last year's relatively abundant crop has been exported due to low prices and the loss of two large crushing facilities. It is expected that crushing will grow slightly in MY 2002. Assuming a reduced crop and a small increase in domestic seed processing, the amount of rapeseed remaining for export will be rather small, around 100,000 tons. Historically, rapeseed annual exports exceeded 500,000 tons, primarily to Mexico and China during the 80's under the Communist era state farm system.

The two major crushing plants in Poland are an ADM facility in Szamotuly which recently expanded its crushing capacity to around 300,000 tons annually and a similar capacity facility owned by French concern Cereol. Schooner Capital Corporation financial problems resulted in temporary closing of their plants in Brzeg and Bodaczow which eliminated over 300,000 tons of crushing capacity. However, part of the Brzeg crushing capacities was leased by other companies for crushing activities. It is unknown when or if such crushing facilities will come back into full operation.

For many years, soybeans have not been crushed in Poland. Only one plant, in Kruszwica, has some previous experience in crushing soybeans. However, Poland's current small amount of soybean imports are mainly for the food industry rather than for crushing.

The Polish vegetable oil industry focuses primarily on vegetable oil production due to the country's vegetable oil deficit. Since soybean crushing yields less oil than rapeseed, soybeans are less attractive to the industry. However, assuming large demand for soybean meal in Poland, the potential exists for some crushers to switch to soybeans to supply meal to poultry and hog producers. In recent years small amounts of imported sunflower seeds have also been crushed in Poland by small crushing companies.

Around 10,000 tons of soybeans are used annually in the food industry and only a small amount is utilized as a direct feed component. During the last few years, feed use has been almost eliminated while use for baking in the food industry has increased.

## Trade

The expected 15 percent crop decline together with a modest recovery in domestic crushing levels will limit rapeseed exports in MY 2002/03. Exports should drop by 75 percent to around 100,000 tons. At the same time, Poland may import small amounts of rapeseed, around 50,000 tons, from countries which have preferential tariffs (EU and Central European Free Trade Association).

MY 2001/02 rapeseed exports significantly increased due to low domestic prices and attractive world market prices. About 290,000 tons were exported soon after the 2001 harvest, mainly to China and the EU. Out of total MY 2001/02 rapeseed exports, less than 6,000 tons were exported with subsidies at an average subsidy level around ZLN 65/MT (USD 15.9/MT); 27,000 tons of exports were subsidized from the 2000 harvest. Subsidized export levels

were low because exporters could buy rapeseed cheaper on the market than at government required higher prices that they would have had to pay farmers for rapeseed that could be included in the export subsidization program. MY 2001/02 rapeseed imports were very small because of the relatively abundant domestic supplies.

Note: Figures in the Trade Matrix tables are for calendar years (CY). No reliable data are available for marketing year imports. The CY 2000 trade table is based on unpublished data from the Main Statistical Office while figures in the CY 2001 trade table are preliminary trade data.

### Rapeseed Export Table

Export Trade Matrix			
Country	Poland		
Commodity	Oilseed, Rapeseed		
Time period	Jan-Dec	Units:	metric tons
Exports for:	1990		1991
U.S.	0	U.S.	0
Others		Others	
Germany	13444	China	115391
United Kingdom	7650	Switzerland	50000
Denmark	2100	United Kingdom	37701
Belgium	4700	Germany	26060
Japan	87	Mexico	22871
		Belgium	18060
		Denmark	10958
		Austria	9000
		Holland	1100
Total for Others	27981		291141
Others not Listed	0		167
Grand Total	27981		291308

### Stocks

Large exports after last year's harvest will result in very small rapeseed stocks.

### Policy

**-Production Policy Changes:**

A new bio-fuel policy may stimulate additional production beginning in MY 2003/04. Some suggest that this new regulation could double rapeseed production in Poland, up to a total two million tons, while the National Energy Saving Agency asserts that rapeseed area used for bio-diesel purposes could reach 1.5 million hectares. It is expected that in spring/summer 2002 the new policy will be approved in Poland's parliament. It is supposed to develop the basis for bio-fuel production and use including tax reductions on petrol consisting of bio-fuel in order to make it competitive with traditionally produced fuel. The new law is expected to regulate production and use of diesel oil produced from rapeseed as well as gasoline in which there will be ethanol content produced from grain, potatoes and molasses. Rapeseed producers favor the new legislation while crushers oppose it because of increased competition for raw materials and since rapeseed is already in short supply.

**-Rapeseed Export Subsidies:**

Poland has not subsidized oilseed exports, production or processing in the past, although relatively high import tariffs exist on rapeseed and rapeseed oil. To support domestic farmers and prices, since 2000, the GOP introduced export subsidies for rapeseed. For MY 2001/02 the State budget allocated enough funds to cover 200,000 tons of rapeseed exports at ZLN 150-190/ton subsidy. This subsidy was provided through the Agricultural Market Agency (ARR) of the Ministry of Agriculture. However, the relatively high price which exporters were supposed to pay farmers for rapeseed to be eligible for subsidies resulted in only 6,000 tons exported under the program. Subsidized exports were 27,000 tons of rapeseed exports from the 2000 harvest. Poland has a WTO export subsidy ceiling for rapeseed (HS code 1205) of 341,500 tons/year. Expenditures can not exceed \$12.9 million under its WTO commitments. If subsidization continues and is expanded in the future on a larger scale, this may increase rapeseed production.

**-EU Accession Rapeseed Production Quota:**

Poland will negotiate with the EU during June-December 2002 to establish its rapeseed production quota which would go into effect upon Poland's entry to the EU, which the Polish government hopes to achieve by January 2004. In February 2002, the EU announced its current position on production quotas for EU candidate countries. While specifics for Polish rapeseed are not yet known, Poland is requesting crop production quotas higher than those suggested by the EU.

Poland proposes to use 1989 -1991 as the base reference period for calculation of production quotas for grains, oilseeds, high protein crops and oil flax. Also, Poland applied for the calculation of the reference crops on the basis of yields obtained during the period 1986/87-1990/91 (the same years used by current EU countries) and with yields increased by 15 percent. The European Commission uses the period 1994/95 - 1998/99 as base years for its calculations and discussions on yields and area/production for all EU candidate countries. The Polish government opposes the EU base reference years, because they assert that during those years Poland suffered from economic crises and weather damaged crops.

**-Polish Biotechnology Policy Increasingly Mirroring that of the EU:**

At the end of 2000, the Minister of Environment approved (decision no. 14/2000, dated Nov.17, 2000) registration of "Round-Up Ready" soybeans for use in Poland. This is the first genetically modified organism (GMO) variety

approved for use in Poland. The approval allows the import, distribution and processing for feed and food of this variety, except for planting. Although Poland does not import significant quantities of soybeans, the approval allows the feed industry to more easily comply with current regulations. The approval clearly states that food products or food ingredients from such soybeans require separate permits from the Ministry of Environment, based on an evaluation by Poland's Chief Health Inspector.

Poland implemented its first ever law concerning biotechnology entitled "Genetically Modified Organisms" which went into effect October 25, 2001 as published in Dziennik Ustaw 76 on June 22, 2001. With the new food safety and "GMO" laws, the Polish government is essentially adopting biotechnology policies which reflect those of the EU per FAS Warsaw's cable Warsaw 05503, Dec. 21, 2001. There is also consideration of labeling and traceability amendments to this new law.

#### **-Rapeseed Import Duties:**

The basic tariff on rapeseed in 2002 is 27 percent. However there is a 29,235 ton quota for WTO members and an additional 32,000 ton quota for EU members; both in-quota tariffs are 15 percent in CY 2002. Reduced tariffs, down to 15 percent, also apply to imports from the Czech and Slovak Republics, while the rate is zero if rapeseed is imported from Hungary, Romania, Lithuania and Latvia.

#### **-Soybean Import Duties and Ragweed**

Polish tariffs on imported soybeans are relatively low compared to tariffs on rapeseed, refined vegetable oils and margarine. Although this should encourage soybean imports, little experience in crushing soybeans and the industry's preference for crushing high oil content seeds to maximize production of vegetable oils inhibit soy bean crushing.

Ragweed, among other common weed seeds, is on the Polish quarantine list which severely restricts imports of U.S. soybeans. Poland is currently seeking addition of ragweed (*Ambrosia* spp.) to the European Plant Protection Organization quarantine list. If it is successful in doing so, Poland will continue this barrier following EU accession. Meanwhile, the U.S. continues its longstanding efforts to encourage Poland to remove its unscientifically warranted zero tolerance policy.

Following is a list of basic tariffs for oilseeds effective since January 2002:

Tariff No.	Description	MFN Countries	EU	Developing Countries	Least Dev. Countries
1201.00	Soybeans 1/, 2/	2.5	0	1.7	0
1202.10	Peanuts in shell 1/,2/	0	0	0	0
1202.20	shelled peanuts 1/,2/	0	0	0	0
1204.00	Linseed 1/,2/	15	0	10.5	0
1205.00	Rapeseed 1/, 2/	27	27	18.9	0
1206.00	Sunflower seeds 1/,2/	9	0	6.3	0
1207	Other oilseeds 1/,2/	0-15	0	0-10.5	0
1208	Groat&flour fm oil seed other than mustard				
1208.10	fm soybeans 1/, 2/	9	0	6.3	0
1208.90	fm other 1/, 2/	9	0	0	0

1/ Under the Central European Free Trade Agreement (CEFTA) all categories have a zero tariff if imported from CEFTA. Sunflower seeds for sowing imported from Slovenia or Romania also face zero duty and such seeds imported from Bulgaria have a 4.5 percent tariff. Rapeseed imported from the Czech and Slovak republics face a 15 percent tariff while rapeseed imported from Slovenia and Bulgaria can enter duty free.

2/ Based on bilateral agreements with Lithuania and Latvia, imports of these categories' tariffs are zero.

**Total Oil meals****Soybean Meal PS&D Table**

PSD Table						
Country	Poland					
Commodity	Meal, Soybean				(1000 MT)(PERC ENT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	98	82	148	251	148	151
Production	0	0	0	0	0	0
MY Imports	1130	1269	1150	1100	0	1150
MY Imp. from U.S.	0	2	20	10	0	10
MY Imp. from the EC	677	1130	700	1000	0	1000
TOTAL SUPPLY	1228	1351	1298	1351	148	1301
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	1080	1100	1150	1200	0	1200
TOTAL Dom. Consumption	1080	1100	1150	1200	0	1200
Ending Stocks	148	251	148	151	0	101
TOTAL DISTRIBUTION	1228	1351	1298	1351	0	1301
Calendar Year Imports	1080	1269	1100	1100	0	0
Calendar Yr Imp. U.S.	40	2	40	10	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

**Rapeseed Meal PS&D Table**

PSD Table						
Country	Poland					
Commodity	Meal, Rapeseed				(1000 MT)(PERC ENT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		07/2000		07/2001		07/2002
Crush	842	820	850	770	0	800
Extr. Rate, 999.9999	0.595012	0.6	0.594118	0.6	ERR	0.6
Beginning Stocks	24	24	45	33	44	10
Production	501	492	505	462	0	480
MY Imports	0	15	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	525	531	550	495	44	490
MY Exports	180	188	200	175	0	170
MY Exp. to the EC	175	188	190	175	0	170
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	300	310	306	310	0	300
TOTAL Dom. Consumption	300	310	306	310	0	300
Ending Stocks	45	33	44	10	0	20
TOTAL DISTRIBUTION	525	531	550	495	0	490
Calendar Year Imports	0	15	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	180	206	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

## **Production**

Increased rapeseed crushing will result in a moderate increase (up 3.9 percent) in meal production during MY 2002/03. Oil meal production is almost exclusively rapeseed. No significant oilseed imports for crushing are expected.

MY 2001/02 meal production declined 6 percent, down to 462,000 tons, due to reduced rapeseed crushing capacity as highlighted under "Total Oilseeds, Consumption." Poland produces almost exclusively rape meal at local crushing facilities which are oriented toward only locally produced oilseeds. Out of 19,000 tons of sunflower seeds imported in CY 2001, it is estimated that only half was used for crushing by small companies.

## **Consumption**

Total protein meal consumption is forecast to be strong in MY 2002/03, the same high level as during MY2000/01, around 1.5 million metric tons. The major reason for high current and forecasted use is related to BSE and FMD crises in Europe which resulted in emergency restrictions on meat and bone meal imports. Also, strong increases (up 7 percent) in poultry production and swine production occurred in 2001 resulting in higher demand for vegetable protein meals. These factors combined with low world market prices for soybean meal resulted in imports and use higher than previously expected. Forecast year demand should continue strong. While poultry production increased last year by over 7 percent, its growth is expected to slow to around two percent. This slow down will be countered by rising swine inventories which are forecast to increase up to 18 million head by July 2002.

Poland annually imported around 300,000 tons of MBM of which around 95 percent was imported from EU countries. In December 2000, Poland banned the use of imported MBM meals which resulted in increased vegetable protein meals. Last year a major increase in soybean meal occurred which was stimulated by low world prices. Locally produced rapeseed meal use is small due to its limited use in only certain types of livestock feed. Last year sunflower meal imports and use reached 117,000 tons, a record amount which accounted for almost 8 percent of total vegetable protein use.

Total commercial feed production increased around 7 percent in CY2001 to 4.58 million tons and is forecast to decline only slightly in CY 2002. Of this total, close to 10 percent or 445,000 tons are protein concentrate feeds which are used in hog production. The feed industry is currently benefitting from low raw material prices. The imported protein meals are relatively cheap because of low world market prices and a strong local currency (zloty), while local grain prices are low due to a bountiful 2001 crop.

## **Trade**

Although demand for commercial feeds is expected to modestly decline, estimated vegetable protein meal imports in MY 2002 will remain strong, soybean meal imports will drop only slightly, down to 1.1 million tons.

Until 2000, Poland annually imported around 300,000 tons of meat and bone meal (MBM). The ban on use of imported MBM resulted in significantly increased imports and use of vegetable protein meals. Additionally, low world

market prices on soybean meal and a strong local currency resulted in a soybean meal import increase stronger than previously anticipated. Preliminary data indicates that CY 2001 soybean meal imports increased by 44 percent, up to almost 1.3 million tons.

Besides significant increases in soybean meal, CY 2001 imports of sunflower seed meal also increased significantly, up to 117,000 tons from 36,000 the year before. The majority of sunflower meal imports were from the Slovak Republic. Geographically close sources of sunflower meal made it price competitive with soybean meal resulting in it accounting for almost 8 percent of all protein meals.

Substantial amounts of rapeseed meal are exported each year. However, in MY 2001/02, rapeseed meal exports are expected to decline slightly to 175,000 tons because of lower production. Rapeseed meal exports are shipped exclusively to EU countries.

Note: Figures in the Trade Matrix tables are for calendar years (CY). No reliable data are available for marketing year imports. The CY 2000 trade table is based on unpublished data from the Main Statistical Office. Figures in the CY 2001 trade table figures are based on preliminary official trade data.

### Soybean Meal Import Table

Import Trade Matrix			
Country	Poland		
Commodity	Meal, Soybean		
Time period	Jan-Dec	Units:	metric tons
Imports for:	2000		2001
U.S.	735	U.S.	1652
Others		Others	
Netherlands	362167	Netherlands	510222
Germany	344015	Germany	409051
Belgium	120332	Belgium	205918
Brazil	38740	Brazil	70176
Argentina	16244	Argentina	66719
Denmark	1885	Denmark	1828
		Canada	3191
		Israel	140
Total for Others	883383		1267245
Others not Listed	6		94
Grand Total	884124		1268991

**Rapeseed Meal Export Table**

Export Trade Matrix			
Country	Poland		
Commodity	Meal, Rapeseed		
Time period	Jan-Dec	Units:	metric tons
Exports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Denmark	95557	Denmark	111455
Germany	56361	Germany	68000
United Kingdom	4512	United Kingdom	21370
Antigua	2251	Ireland	3780
Ireland	1479	Sweden	1060
Belgium	25	Czech Republic	257
		France	25
Total for Others	160185		205947
Others not Listed	0		0
Grand Total	160185		205947

**Policy****-Oilseed Meal Import Duties:**

In accordance with its WTO commitments, Poland's final tariff reduction on protein meals for WTO members was made in January 2000. The rate on soybean meal imports is five percent although this rate is often set by the Government of Poland at between zero and five percent each year. Starting from the beginning of CY 2002, Poland suspended tariffs on soybean and sunflower seed meals from all sources until the end of CY 2002.

With the signing of a 2000 trade liberalization agreement with the EU, all protein meals imported from the EU since January 2001 enter Poland duty free although the EU had already enjoyed duty-free soybean meal access for several years prior to the agreement. No tariffs apply to soybean meal, peanut meal, sunflower meal, cotton meal and some other less important meals from countries listed as "Developing" or "Least Developed"; Argentina and Brazil are not included in these categories. Also, all CEFTA countries and Lithuania and Latvia have zero import tariffs on all protein

meals per bilateral agreements.

Following is a list of tariffs for oilseed meals for CY 2002:

Tariff No.	Description	MFN Countries	EU	Developing Countries	Least Dev. Countries
2301.20	Fish meal,	10	0	7	0
2304	Soybean meal,	0	0	0	0
2305	Peanut meal,	5	0	0	0
2306.10	Cotton seed meal,	10	0	0	0
2306.20	Linseed meal,	10	0	0	0
2306.30	Sunflower seed meal,	0	0	0	0
2306.40	Rapeseed meal,	10	0	0	0
2306.50	Coconut meal,	10	0	0	0
2306.60	Palm meal,	10	0	0	0
2306.90	Other (Olive, Corn, Sesame),	10	0	0	0

#### **-Zero Tolerance Ragweed (*Ambrosia* spp.) Quarantine Barrier:**

Ragweed, among other common weed seeds, is on the Polish quarantine list which severely restricts imports of low protein U.S. soybean meal. This restriction also complicates direct imports of high-protein U.S. soybean meal, because USDA is unable to certify that shipments will meet Polish requirements of being 100 percent free of ragweed seeds. Poland is currently seeking addition of ragweed (*Ambrosia* spp.) to the European Plant Protection Organization quarantine list. If it is successful in doing so, Poland will continue this barrier following EU accession. Concurrently, the U.S. has for many years sought and continues to seek access denied by Poland's zero tolerance policy.

#### **Marketing**

FAS Warsaw believes that U.S. soybeans are the raw materials of substantial quantities of soybean meal imported by Poland from EU crushing facilities. We estimate that U.S. soybeans valued at upwards of \$118 million were exported to the EU for crushing into soybean meal which was then exported by the EU to Poland in 2001.\*

\*(Following is method used to calculate the \$118 million figure:

Poland imported 1.3 million tons of soybean meal in 2001 of which 1.127 MMT was from the EU. If one assumes that the proportion of U.S. versus non-U.S. meal imports is roughly equivalent to the portion of U.S. versus non-U.S.

soybeans imported by the EU (EU CY '99 and 2000 soybean imports from the U.S. accounted for an ave. 42.25 percent of total EU soybean imports based on U.N. trade data), then upwards of 476,158 tons of EU sourced soybean meal entering Poland (1.127 MMT X 42.25 percent) is made from U.S. soybeans. Consequently, assuming that 1.38 tons of high protein beans are needed to produce 1.0 ton of soybean meal then 657,098 MT of U.S. soybeans (476,158 tons X 1.38 tons high protein beans per 1 ton meal) valued at an estimated approximate \$118 million (657,098 MT X \$180/ton ave. U.S. value of U.S. soybean exports to the EU in 2001 based on USDA/ERS FATUS data).

EU suppliers have a significant logistical advantage and are currently in the best position to supply smaller deliveries by truck, rail and small vessels by sea. Exporting soybean meal to this market by smaller modes of transportation significantly reduces the economic risk of rejection of a shipment due to Poland's zero tolerance ragweed (*Ambrosia* spp.) import restriction. For example, if one ragweed seed is found in a shipment, an entire shipment can be rejected, so if it is a 40,000 ton ocean vessel, this causes serious economic consequences. By contrast, if one truckload, small coastal vessel, or rail car is rejected, the logistical problems and costs of redirecting the shipment is much less. Consequently, traders are unwilling to take the risk of rejection of an entire ocean going vessel, so direct imports from the United States are impeded.

## Total Oils

### Soybean Oil PS&D Table

PSD Table						
Country	Poland					
Commodity	Oil, Soybean				(1000 MT)(PERC ENT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	14	12	14	25	14	25
Production	0	0	0	0	0	0
MY Imports	90	123	95	125	0	115
MY Imp. from U.S.	0	7	0	5	0	5
MY Imp. from the EC	66	94	75	90	0	90
TOTAL SUPPLY	104	135	109	150	14	140
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	60	75	60	90	0	85
Food Use Dom. Consump.	30	35	35	35	0	40
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	90	110	95	125	0	125
Ending Stocks	14	25	14	25	0	15
TOTAL DISTRIBUTION	104	135	109	150	0	140
Calendar Year Imports	90	123	90	125	0	115
Calendar Yr Imp. U.S.	0	7	0	5	0	5
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

## Rapeseed Oil PS&amp;D Table

PSD Table						
Country	Poland					
Commodity	Oil, Rapeseed				(1000 MT)(PERC ENT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		07/2000		07/2001		07/2002
Crush	842	820	850	770	0	800
Extr. Rate, 999.9999	0.396675	0.4	0.398824	0.4	ERR	0.4
Beginning Stocks	27	27	21	21	22	20
Production	334	328	339	308	0	320
MY Imports	20	8	15	5	0	10
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	4	5	5	4	0	5
TOTAL SUPPLY	381	363	375	334	22	350
MY Exports	10	6	5	5	0	10
MY Exp. to the EC	3	0	2	2	0	2
Industrial Dom. Consum	295	286	289	259	0	265
Food Use Dom. Consump.	55	50	59	50	0	55
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	350	336	348	309	0	320
Ending Stocks	21	21	22	20	0	20
TOTAL DISTRIBUTION	381	363	375	334	0	350
Calendar Year Imports	20	4	10	5	0	10
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	10	7	10	5	0	10
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

## Production

Polish vegetable oil production in MY 2002/03 is forecast to increase slightly over the current MY due to a small increase in crushing. Limited crushing capacities and a small crop will not allow for significant recovery from this year's reduced production. Current marketing year production estimates have been revised down due to smaller crushing than originally expected. Although domestic rapeseed production was large in 2001, domestic crushing declined due to the temporary closure of some crushing facilities, and large rapeseed exports soon after the 2001 harvest. Vegetable oil production in Poland is almost exclusively based on domestically crushed rapeseed.

Since 1991, increased consumption of vegetable oils by Polish consumers made the oil industry one of the three most profitable sectors in Poland's food industry. However, the situation changed in 1997 when a lack of domestic oilseeds and higher seed prices resulted in smaller profits in 1988 and 1999. The situation has stabilized since then. In CY 2000 and 2001, the profitability of the oil industry improved due to cheaper raw materials and a small increase in demand for vegetable oils.

There are 5 major vegetable oil companies in Poland. All except one have their own crushing and processing facilities. The largest plants are now owned or controlled by foreign companies. Only the Warsaw Vegetable Oil Plant remains 100 percent state owned. Over the last two years, one company located in Gdansk permanently closed, while two other large companies temporarily closed production due to financial problems.

Crushers in Poland focus primarily on rapeseed to take advantage of the higher oil yield to produce vegetable oil for further processing into table/salad oil or margarine. Protein meal is of secondary importance to the crushing industry.

## Consumption

Vegetable oil consumption grew sharply between 1990-97 approaching average EU levels. Currently, vegetable oil consumption accounts for over 66 percent of total fats consumed, while butter consumption accounts for 20 percent and lard for 15 percent. Since 1998, growth in vegetable oil consumption is rather small, related mainly to prices. It is estimated that in 2001 the average consumption level of vegetable oils was 17.9 kg per capita compared to 17.6 kg in 2000. A small increase is forecast in vegetable oil consumption in 2002.

As reported by Poland's Main Statistical Office, total edible vegetable oil production increased by four percent, up to 699,000 tons in CY 2001. A very large increase was recorded for margarine production, which increased more than 25 percent, up to 482,000 tons. A slight increase in total vegetable oil production and use is forecast for MY 2002/03.

There has been a growth in production and use of mixed fats. A number of vegetable oil processing plants as well as dairy plants are now offering butter with vegetable oils added.

## Trade

Vegetable oil imports are forecast to remain strong in MY 2002/03 due to limited domestic vegetable oil production and a slight increase in domestic demand. Current imports are additionally supported by low world market prices for soybean oil. In MY 2002/03, soybean oil imports are forecast at around 115,000 tons.

Estimated oil imports during CY 2001 increased sharply because of slightly increased demand and attractive world prices. Soybean oil imports were up 28 percent to 123,000 tons, significantly larger than previously anticipated due to competitive prices, reduced domestic production and substitution for other imported oils. Sunflower oil imports declined significantly in CY 2001 by over more than half to 24,000 tons (45,000 tons in CY 2000) and palm oil imports also slightly reduced down to 53,000 tons (55,000 tons in CY 2000). Also rapeseed oil imports declined in CY 2001 to only 4,000 tons.

In CY 2001 a record over 7,000 tons of U.S. soybean oil was imported according to preliminary statistics from Poland's Main Statistical Unit (GUS). If accurate, these imports were most likely transshipments via the EU (see "Marketing" for further info.). Also, significant amounts of soybean oil imports were recorded in CY 2001 from Argentina and Brazil. Soybean and rapeseed oils are imported mainly from EU and smaller amounts are from CEFTA countries. The majority of soybean oil imports are from Germany (45 percent of total soybean oil imports in 2001) and The Netherlands (19 percent of total soybean oil imports in 2001). In CY 2001 most of the sunflower oil was imported from CEFTA countries.

Note: Figures in Trade Matrix tables are for calendar years (CY). No reliable data are available for marketing year imports. The CY 2000 trade table is based on unpublished data from the Main Statistical Office. Figures in the CY 2001 trade table figures are based on preliminary official trade data.

**Soybean Oil Import Table**

Import Trade Matrix			
Country	Poland		
Commodity	Oil, Soybean		
Time period	Jan-Dec	Units:	metric tons
Imports for:	2000		2001
U.S.	1	U.S.	7270
Others		Others	
Germany	44340	Germany	55395
Netherlands	20316	Netherlands	23599
Yugoslavia	8726	Belgium	10211
Switzerland	8163	Romania	8574
Belgium	6401	Argentina	9393
Romania	4122	France	3175
Norway	2500	Brazil	1997
Ukraine	992	Portugal	1202
		Ukraine	997
Total for Others	95560		114543
Others not Listed	585		675
Grand Total	96146		122488

**Policy**

The Polish government does not provide subsidies for oil production or processing. However, Poland's tariff policy provides some protection and encouragement for expansion of domestically produced products.

**-TRQs Exist but Not Used Except for Rapeseed Oil:**

Under Poland's WTO agreement, tariff-rate quotas for various imported vegetable oils and vegetable oil products were established. Currently, Poland is not utilizing tariff-rate quotas to restrict imports except for rapeseed oil, because actual tariffs are below their WTO TRQ tariff rate commitments. If it wants to, Poland could use its WTO agreed to tariff-rate quotas of 50,000-tons for soybean oil, 30,000-tons for sunflower seed oil and 20,000-ton quota for other oils (tariff headings 1510, 1514, 1515, 1517, 1518, and 1522).

Poland is making use of a 7,400 ton tariff-rate quota for non-refined all purpose rapeseed oil or refined rapeseed for technical use with an in-quota tariff of 35 percent under its 2002 tariff schedule. A tariff-rate quota for 600 tons of

refined edible rapeseed oil is also in effect in 2002 with an in-quota tariff of 45 percent for bottled oil and 40 percent for bulk oil.

### **-Oil Import Duties:**

For rapeseed oil and refined peanut, olive, palm, coconut and palm kernel oils, applied tariffs are at the maximum allowed levels permitted under Poland's WTO commitments. For all other oils applied tariffs are lower than the WTO bound levels.

Since 2001, duties on oil imports from CEFTA countries, Lithuania and Latvia are zero except for sunflower and rapeseed oils. Since January 2001 when the Poland-EU "double zero" tariff agreement went into effect, imports of EU peanut oil, olive oil, refined linseed oil, and corn oil enter duty free while the crude linseed oil tariff was reduced to 10 percent.

Following is a list of 2002 tariffs for oils:

Tariff No.	Description	MFN Countries	EU	Developing Countries	Least Dev. Countries
1504	Fish oil 1/	5-20	5-20	0	0
1507.10	Soybean oil, crude	10	10	10	10
1507.9010	Soybean oil, ref., not for food	30	30	30	30
1507.90901	Soybean oil, ref. bottled	40	40	40	40
1507.90909	Soybean oil, ref., other than in bot.	30	30	30	30
1508.10	Peanut oil, crude	10	0	0-7	0
1508.90	Peanut oil, refined	25	0	0-17.5	0
1509	Olive oil	15	0	10.5	0
1512.11	Sunflower oil, crude 2/	10	10	10	10
1512.19	Sunflower oil, ref. 3/	30-40	30-40	30-40	30-40
1512.21	Cotton seed oil	10-20	10-20	10-20	10-20
1514	Rapeseed oil 4/	86	86	86	86
1515.11/19	Linseed oil	20	0-10	10-20	0-20
1515.21/29	Corn oil	20	0	10-20	0-20

- 1/ these products have zero tariff if imported from some EFTA countries, zero or reduced tariff if imported from Faroe Islands;
- 2/ tariff is reduced to 10 percent if imported from Hungary, Latvia, and the Czech and Slovak Republics while the rate is zero if imported from Lithuania and Romania;
- 3/ tariff is reduced to zero percent if imported from Lithuania and Latvia and reduced to 20 percent if imported from the Czech and Slovak Republics;
- 4/ tariff is zero if imported from Latvia, reduced to 10/20 (crude/refined) percent if imported from Czech and Slovak Republics and to 15/20 (crude/refined) percent if imported from Hungary and for refined oil reduced to 20 if imported from Romania.

**Marketing:**

The majority of soybean oil imports in CY 2000 and 2001 (ave. 75 percent) originated in the EU. As is the case with soybean meal, FAS Warsaw believes that an unknown portion of this was likely EU processed from U.S. soybeans imported by the EU. Please see "Total Oil Meals, Marketing" for our estimated quantity and value of U.S. soybeans needed to account for our estimated portion of imports of EU soybean meal that we believe was likely made using U.S. soybeans in the EU. We assume that the EU would have used the same beans to process an unknown portion of the oil imported by Poland from the EU.

We understand that there is some industry skepticism that the record 7,000 tons of U.S. soybean oil imports was actually from the United States. Much of these imports were likely transhipped via the EU and or re-exported by the EU to Poland but noted as U.S. oil.